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Regulations, Part 524: Special Minimum Wages for Handicapped Workers in Competitive Employment

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PART 524—SPECIAL MINIMUM WAGES FOR HANDICAPPED WORKERS IN COMPETITIVE EMPLOYMENT

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AUTHORITY: Sec. 14, 52 Stat. 1068, as amended; 29 U.S.C. 214, Interpret or apply sec. 11, 52 Stat. 1066, as amended; 29 U.S.C. 211.

SOURCE: 36 FR 50, Jan. 5, 1971, unless otherwise noted.

§ 524.1 Applicability of this part.

(a) The Fair Labor Standards Amendments of 1966 (Pub. L. 89-601, 80 Stat. 830), among other things, revise the provisions of the Fair Labor Standards Act of 1938 (29 U.S.C. 201) for the competitive employment of handicapped persons at special minimum wages. The provision is now codified at section 14(c) of that Act. It reads in part as follows:

(c)(1) Except as otherwise provided in paragraphs (2) and (3) of this subsection, the Secretary of Labor, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by regulation or order provide for the employment under special certificates of individuals (including individuals employed in agriculture) whose earning or productive capacity is impaired by age or physical or mental deficiency or injury, at wages which are lower than the minimum wage applicable under section 6 of this Act but not less than 50 per centum of such wage and which are commensurate with those paid nonhandicapped workers in industry in the vicinity for essentially the same type, quality, and quantity of work.

(2) The Secretary, pursuant to such regulations as he shall prescribe and upon certification of the State agency administering or supervising the administration of vocational rehabilitation services, may issue special certificates for the employment of—

(A) handicapped workers engaged in work which is incidental to training or evaluation programs, and

(B) multihandicapped individuals and other individuals whose earning capacity is so severely impaired that they are unable to engage in competitive employment, at wages which are less than those required by this subsection and which are related to the worker's productivity.

(3) (A) The Secretary may by regulation or order provide for the employment of handicapped clients in work activities centers under special certificates at wages which are less than the minimums applicable under section 6 of this Act or prescribed by paragraph (1) of this subsection and which constitute equitable compensation for such clients in work activities centers.

(B) For purposes of this section, the term "work activities centers" shall mean centers planned and designed exclusively to provide therapeutic activities for handicapped clients whose physical or mental impairment is so severe as to make their productive capacity inconsequential.

(b) Paragraphs (2)(A) and (3) (A) and (B) of section 14(c) of the Act quoted above make provision for the employment of individuals whose work is incidental to State agency certified training or evaluation programs or whose productive capacity is inconsequential. Special minimum wages for such persons, which may, when appropriate, be less than 50 per centum of the minimum wage applicable under section 6 of the Act, apply only when they are employed in sheltered workshops under certificates authorized in Part 525 of this chapter.

(c) Under this Part 524, certificates are not issued for less than 75 per centum of the statutory minimum, unless a lower rate is clearly justified, in which case the lowest rate generally that may be authorized is 50 per centum of that minimum. For the multihandicapped and other workers whose earning capacity is severely impaired (referred to in section 14(c)(2)(B) of the Act), a wage lower than 50 per centum of the statutory minimum (but not less than 25 per centum of that minimum) under appropriate circumstances may be authorized after certification by the State agency administering or supervising the administration of rehabilitation services. (Generally, workers with such severely impaired earning capacity are employed in sheltered workshops under certificates authorized in Part 525 of this chapter.)

[36 FR 50, Jan. 5, 1971; 37 FR 9995, May 18, 1972, as amended at 41 FR 29378, July 16, 1976]

§ 524.2 Definitions, as used in this part.

(a) "Handicapped worker" or "worker" means an individual whose earning capacity is impaired by age or physical or mental deficiency or injury for the work he is to perform.

(b) "Handicapped trainee" or "trainee" means an individual whose earning capacity is impaired by age or physical or mental deficiency or injury, and who is receiving or is scheduled to receive on-the-job training in industry under any vocational rehabilitation program administered by the Veterans Administration or an authorized vocational rehabilitation agency operating pursuant to the Vocational Rehabilitation Act, as amended.

(c) "State agency" shall mean the State agency which administers or supervises the administration of vocational rehabilitation services in any State of the United States, the District of Columbia, Puerto Rico, or the territory or possession of the United States in which the employment at special minimum wages is to occur.

(d) "Competitive employment" is employment of a handicapped worker whose earning or productive capacity would yield wages equal to at least 50 per centum of the minimum wage applicable under section 6 of the Act at wage rates which are commensurate with those for nonhandicapped workers in industry in the vicinity for essentially the same type, quality, and quantity of work.

[36 FR 50, Jan. 5, 1971; 37 FR 9995, May 18, 1972]

§ 524.3 Application for a certificate.

(a) Application shall be made to the Regional Director of the administrative region of the Wage and Hour Division, U.S. Department of Labor, in which the handicapped worker or handicapped trainee is to be employed. For Puerto Rico, the Virgin Islands, and the Canal Zone, application shall be made to the Caribbean Director in Puerto Rico. Application forms may be obtained from the appropriate Director.

(b) The application shall set forth, among other things, the nature of the disability, a description of the occupation at which the worker is to be employed, and the wage the firm proposes to guarantee the worker per hour. The nature of the disability must be set out in detail. Vague statements such as "nervous condition", "physically incapacitated", "slow worker", etc., are not sufficient.

(c) When a wage is requested which is less than 50 per centum of the minimum wage applicable under section 6 of the Act, the application shall also contain:

(1) Evidence that the individual is multihandicapped or so severely impaired that he is unable to engage in competitive employment as defined in § 524.2(d). For such workers the rate shall be not less than 25 per centum of the statutory minimum.

(2) Such application shall also be certified by the State agency defined in § 524.2(c) that the individual is a multihandicapped individual or other individual whose earning capacity is so severely impaired that he is unable to engage in competitive employment.

(d) The application shall be signed jointly by the employer and worker and be returned to the Regional or District Director by the employer.

(e) No application is required for a temporary certificate for a special minimum wage for a handicapped trainee being trained under any authorized vocational rehabilitation program. Such temporary certificates are issued in accordance with procedures set out in § 524.4.

§ 524.4 Special provisions applicable to handicapped trainees.

(a) Employment of a trainee (pursuant to the Vocational Rehabilitation Act or to a vocational rehabilitation program of the Veterans Administration for veterans with a service-incurred disability) under a temporary certificate or a special certificate shall be governed by this part as modified by this section.

(b) Temporary certificates authorizing the employment of such trainees at wages lower than the minimum wage applicable under section 6 of the Act but not less than 50 per centum of such wage and which are commensurate with those paid nonhandicapped workers in industry in the vicinity for essentially the same type, quality, and quantity of work may be issued whenever employment at such lower rate is necessary in order to prevent curtailment of opportunities for employment. Such temporary certificates are to be issued by duly designated representatives of State vocational rehabilitation agencies and of the Veterans Administration.

(c) A temporary certificate will designate the employer, the trainee, and the special minimum wage rate. A temporary certificate will be valid for a period not to exceed 90 days from the date of issuance and may not be issued retroactively.

(d) Within 10 days after issuance of a temporary certificate, the supervising rehabilitation agency will forward a copy of the certificate together with a recommendation covering the special minimum rates for the balance of the training period to the appropriate Director of the Wage and Hour Division, U.S. Department of Labor. Such recommendation shall not be for a wage which is less than is authorized pursuant to this § 524.4. The Regional or Caribbean Director, pursuant to this part may then issue a special certificate effective upon the expiration of the temporary certificate, or may terminate the temporary certificate prior to its expiration date, with or without issuing a superseding special certificate. If a temporary certificate is terminated prior to its expiration date without the issuance of a superseding special certificate, written notice of such a termination shall be given the employer, the trainee, and the supervising rehabilitation agency.

(e) When a special certificate authorizing a wage rate of less than 50 per centum of the minimum wage applicable under section 6 of the Act is considered necessary, the State agency or Veterans Administration may request that such certificate be issued by the Wage and Hour Division. Such a request shall be accompanied by supporting information, including certification by the State vocational rehabilitation agency that the handicapped worker is a multihandicapped individual or other handicapped individual whose earning capacity is so severely impaired that he is unable to engage in competitive employment.

(f) Money paid to the trainee by a State vocational rehabilitation agency or the Veterans Administration for maintenance or other expenses shall not be considered as off-setting any part of the wage or other remuneration due the trainee by the employer.

(g) A temporary certificate shall not be issued for a trainee if a satisfactory training opportunity for the desired training is available in the community at the minimum wage applicable under section 6 of the Act or above.

[36 FR 50, Jan. 5, 1971; 37 FR 9995, May 18, 1972]

§ 524.5 Conditions for granting a certificate.

If the application is in proper form and sets forth facts showing: (a) A special minimum wage is necessary to prevent curtailment of the worker's or trainee's opportunities for employment; and (b) the earning or productive capacity of the worker for the work he is to perform is impaired by age or physical or mental deficiency or injury, a certificate may be issued.

§ 524.6 Additional data when required.

To determine whether the facts justify the issuance of a certificate, the Administrator or his authorized representative may require the submission of additional information and may require the worker to take a medical examination.

§ 524.7 Issuance of a certificate.

(a) If the application and other available information indicate that the requirements of this part are satisfied, the Administrator or his authorized representative shall issue a certificate. Otherwise, he shall deny a certificate.

(b) If issued, copies of the certificate shall be transmitted to the employer and the worker or trainee, and, in the case of a certificate for a trainee, to the appropriate vocational rehabilitation agency. If a certificate is denied, the same parties shall be given written notice of the denial.

(c) A certificate may not be issued retroactively.

§ 524.8 Terms of a certificate.

(a) A certificate shall specify, among other things, the name of the worker or trainee, the occupation in which he is to be employed, the special minimum wage rate(s), and the period(s) of time during which such rate(s) may be paid.

(b) A certificate shall be effective for a period to be designated by the Administrator or his authorized representative. Workers or trainees may be paid special minimum wages only during the effective period of the certificate.

(c) The wage rate(s) set in the certificate shall be fixed at a figure designed to reflect adequately the individual worker's or trainee's earning or productive capacity. No wage rate shall be fixed at less than 75 per centum of the applicable minimum wage under section 6 of the Act unless after investigation a lower rate appears to be clearly justified. Such lower rate shall not be less than 50 per centum of the minimum wage applicable under section 6 of the Act, except for individuals certified by the State agency as having earning capacity so impaired that they are unable to engage in competitive employment, but in no event shall such wage rate be less than 25 per centum of the applicable minimum wage under section 6 of the Act nor less than is commensurate with wages paid nonhandicapped workers in industry in the vicinity for essentially the same type, quality, and quantity of work.

(d) In an establishment or a vicinity where nonhandicapped employees are employed at piece rates in the same occupation, the handicapped worker or trainee shall be paid at least the same piece rates. The worker or trainee must be paid his full piece rate earnings or the earnings at the hourly rate specified in the certificate, whichever is the greater.

(e) The worker or trainee shall be paid not less than one and one-half times the regular rate at which he is employed for all hours worked in excess of the maximum workweek applicable to him under section 7 of the Act.

(f) No provision of this part, or of any certificate issued under this part, shall excuse noncompliance with any other Federal or State law or municipal ordinance establishing higher standards.

(g) The terms of any certificate, including the wage rate(s) specified therein, may be amended by the Administrator or his authorized representative upon written notice to the parties concerned, if the facts justify such amendment.

§ 524.9 Renewal of a certificate.

(a) Application for renewal of any certificate shall be filed in the same manner as an original application.

(b) If an application for renewal has been properly and timely filed prior to the expiration date of a certificate, the certificate shall remain in effect until the application for renewal has been granted or denied.

§ 524.10 Records to be kept.

Every employer who employs a handicapped worker or handicapped trainee pursuant to these regulations shall keep, maintain, and have available for inspection by the Administrator or his authorized representative a copy of the certificate and all other records required under the applicable

provisions of Part 516 (recordkeeping regulations) of this chapter.

§ 524.11 Review.

Any person aggrieved by an action of an authorized representative of the Administrator taken pursuant to this part may, within 15 days after such action, file with the Administrator a petition for review of the action complained of, setting forth grounds for seeking review. If such review is granted, the Administrator or an authorized representative who took no part in the action under review may to the extent he deems it appropriate, afford other interested persons an opportunity to present data and views.

§ 524.12 Issuance of certificates for experimental purposes.

In addition to the issuance of certificates as provided in §§ 524.1 to 524.11, the Administrator may authorize the issuance of certificates to permit employment of handicapped workers at less than the applicable minimum wage under section 6 of the Act as part of experimental programs to increase employment opportunities for such workers. Such certificates shall be issued in such types of cases and on such terms and conditions within the scope of section 14(c) of the Act as the Administrator shall determine will best further any such experimental programs.

[36 FR 50, Jan. 5, 1971, as amended at 41 FR 29378, July 16, 1976]

§ 524.13 Amendment of this part.

The Administrator may at any time upon his own motion or upon written request of any interested person setting forth reasonable ground therefor, and after opportunity has been given to interested persons to present their views, amend or revoke any of the terms of this part.

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